

Introduced by Senator BowenFebruary 21, 2003

An act to add Division 3 (commencing with Section 64050) to Title 6.7 of the Government Code, relating to financing a program for economic stimulus and infrastructure investment, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 998, as introduced, Bowen. California Economic Stimulus and Public Infrastructure Security and Investment Bond Act.

Existing constitutional and statutory provisions set forth procedures for the issuance of general obligation bonds. Also, the Bergeson-Peace Infrastructure and Economic Development Bank Act administered by the California Infrastructure and Economic Development Bank provides a mechanism for infrastructure development.

This bill would enact the California Economic Stimulus and Public Infrastructure Security and Investment Bond Act, which, if adopted, would authorize, for the purpose of financing a program for economic stimulus and infrastructure investment, as specified, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$1,045,000,000.

The bill would require the Secretary of State to submit the bond act to the voters at the next statewide general election.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



The people of the State of California do enact as follows:

SECTION 1. Division 3 (commencing with Section 64050) is added to Title 6.7 of the Government Code, to read:

DIVISION 3. CALIFORNIA ECONOMIC STIMULUS AND
PUBLIC INFRASTRUCTURE SECURITY AND
INVESTMENT BOND ACT

CHAPTER 1. GENERAL PROVISIONS

64050. This division shall be known and may be cited as the California Economic Stimulus and Public Infrastructure Security and Investment Bond Act.

64051. As used in this division, the following terms have the following meanings, unless the context clearly requires otherwise:

(a) “Bank” means the Infrastructure and Economic Development Bank established pursuant to Section 63021.

(b) “Committee” means the California Economic Stimulus and Public Infrastructure Security and Investment Finance Committee established pursuant to Section 64062.

(c) “Fund” means the California Economic Stimulus and Public Infrastructure Security and Investment Bond Fund established pursuant to Section 64055.

CHAPTER 2. CALIFORNIA ECONOMIC STIMULUS AND PUBLIC
INFRASTRUCTURE SECURITY AND INVESTMENT BOND FUND

64055. The proceeds of the bonds issued and sold under this division shall be deposited in the California Economic Stimulus and Public Infrastructure Security and Investment Bond Fund, which is hereby created.

64056. Notwithstanding Section 13340, money in the fund shall be continuously appropriated without regard to fiscal years for allocation by the bank pursuant to Section 63040 for the purposes of economic development infrastructure investments, including the following:

(a) (1) Regional infrastructure investments to be allocated within each of the following nine regions of the state: San Diego/Imperial, Orange County, the Inland Empire, Los Angeles

1 County, central coast, central valley/sierra, Sacramento, San
2 Francisco Bay Area, and northern California. The nine regions of
3 the state receiving funds pursuant to this division shall be
4 substantially similar to the business regions recognized by the
5 Technology, Trade, and Commerce Agency. Eligible projects to be
6 funded shall include:

7 (A) Environmental assessment and remediation of
8 brownfields.

9 (B) Neighborhood residential infrastructure.

10 (C) Neighborhood commercial infrastructure.

11 (D) Infrastructure related to infill development.

12 (E) Infrastructure related to transit-oriented development.

13 (2) Grants shall be awarded based on the demonstrated need of
14 the applicant based on all of the following:

15 (A) The extent of deterioration of local infrastructure.

16 (B) Circulation patterns including, but not limited to, the
17 degree of traffic congestion.

18 (C) Per capita income in the city or county.

19 (D) Density of existing housing.

20 (E) Population density.

21 (F) Percentage of local infrastructure and housing in a
22 neighborhood, district, city, or county that is over 20 years old.

23 (3) After evaluating projects based on the criteria in paragraph
24 (2), the bank shall further evaluate and rank projects for funding
25 with priority given to infrastructure projects incorporating one or
26 more of the following:

27 (A) Infill development featuring mixed-use projects.

28 (B) Housing and neighborhood commercial rehabilitation or
29 new construction.

30 (C) Project-related improvements integrated into new and
31 existing housing.

32 (D) Transit-oriented development.

33 (E) Replacement housing for housing lost due to new school
34 construction.

35 (F) Maintaining neighborhood affordability.

36 (G) Proposals in communities with demonstrated economic
37 need.

38 (H) Project-related infrastructure or improvements to
39 infrastructure with a cumulative effect; that is, improvements that

1 are part of larger infrastructure improvement efforts at the local
2 level geared toward community revitalization.

3 (4) The grant funds issued pursuant to this subdivision shall be
4 used to address existing infrastructure needs in older
5 neighborhoods relative to housing, commercial, and mixed-use
6 development, and to promote infill development, transit-oriented
7 development, replacement housing for new school construction,
8 and commercial and residential rehabilitation.

9 (5) For purposes of this subdivision, “existing infrastructure
10 needs” means both of the following:

11 (A) Any of the following in need of replacement, repair, or
12 rehabilitation: city and county streets and sidewalks, pavement,
13 road shoulders, guardrails, gutters and curbs, alley pavement,
14 storm drains, sewers, benches, fountains, plantings, lighting,
15 landscaping, public art and amenities, open space, including urban
16 trails and canyons, bus stops and other transit stations, including
17 infrastructure in support of transit-oriented enhancements,
18 housing units, commercial units, or mixed-use developments.

19 (B) Land acquisition and other necessary activities required to
20 improve infrastructure, including the remediation of brownfields.

21 (6) For purposes of this section, “older neighborhoods” means
22 residential, commercial, or mixed-use neighborhoods or districts,
23 in both urban and rural areas that are over 20 years old.

24 (7) Grant funds shall be made available to local government
25 agencies for eligible projects in each region. The total grant
26 amount for each region may not exceed seventy-five million
27 dollars (\$75,000,000). The bank shall award grants through a
28 competitive process pursuant to the criteria in this subdivision.

29 (b) (1) Port and harbor security, infrastructure, and
30 environmental investigation and remediation, including capital
31 improvement projects that provide enhanced security at a harbor
32 or port.

33 (2) As used in this subdivision, “security” means a capital
34 improvement project that provides enhanced security at a harbor
35 or port, including, but not limited to, any project that provides any
36 of the following:

37 (A) Explosives detection technology, including, but not limited
38 to, X-ray devices.

39 (B) Other security equipment to assist in any of the following:

40 (i) Screening of incoming vessels and cargo.

1 (ii) Monitoring the physical perimeters of harbors and ports.

2 (iii) Providing or augmenting onsite emergency response
3 capability.

4 (C) Overweight cargo detection equipment, including, but not
5 limited to, intermodal crane scales and truck weight scales.

6 (3) Seventy million dollars (\$70,000,000) shall be allocated in
7 grants by the bank for the purposes of this subdivision to publicly
8 owned ports and harbors upon approval of applications from those
9 entities.

10 (c) (1) Navigation related infrastructure projects authorized
11 pursuant to the federal Water Resources Development Act, as
12 contained in Title 33 of the United States Code. All state funds
13 appropriated for the purposes of federal navigation projects
14 authorized pursuant to the federal Water Resources Development
15 Act shall be deposited in the Federal Navigation Project Matching
16 Account, which is hereby created in the fund. The Director of
17 Boating and Waterways shall allocate the moneys in that fund
18 pursuant to this subdivision.

19 (2) The director shall complete an evaluation and ranking of
20 state port and harbor dredge projects that have been approved for
21 federal funding under the federal Water Resources Development
22 Act.

23 (3) The evaluation of the projects shall include a determination
24 of whether each project is in the best interests of the state, a review
25 of the overall viability and effectiveness of the projects, and a
26 recommendation as to the appropriate levels of state and local
27 financial participation. Upon the application of any port or harbor
28 district, the director shall include in its evaluation any federally
29 approved harbor dredge project.

30 (4) If federal funds are appropriated for purposes of federal
31 navigation projects pursuant to the federal Water Resources
32 Development Act, the director may allocate moneys in the Federal
33 Navigation Project Matching Account, if he or she finds that the
34 allocation is in the best interests of the state, to local governmental
35 entities for use by those entities as part of the local matching share
36 required by federal law for those projects in an amount not to
37 exceed 75 percent of the amount contributed by those entities for
38 those projects.

1 (5) Eighty million dollars (\$80,000,000) of the proceeds of the
2 bonds issued pursuant to this division shall be deposited into the
3 Federal Navigation Project Matching Account.

4 (d) Transportation infrastructure projects, as provided for in
5 this subdivision. The Global Gateways Infrastructure Account is
6 hereby created in the fund. The moneys in the account, upon
7 appropriation by the Legislature, shall be allocated by the bank,
8 after consideration of the project and infrastructure
9 recommendations from the California Freight Advisory
10 Commission, to fund rail, intermodal access, road, or related
11 infrastructure improvements within five miles of rail yards,
12 harbors, foreign-trade zone sites, ports, or airports. Eighty million
13 dollars (\$80,000,000) of the proceeds of the bonds issued pursuant
14 to this division shall be deposited in that account.

15 (e) Projects to reduce the impact of air pollution on
16 neighborhoods near infrastructure investments, as provided for in
17 this subdivision.

18 (1) The Neighborhood Air Quality Improvement Account is
19 hereby created in the Carl Moyer Memorial Air Quality Standards
20 Attainment Trust Fund created pursuant to Section 44299 of the
21 Health and Safety Code. Notwithstanding Section 44299.1 of the
22 Health and Safety Code, moneys in the account shall be available,
23 upon appropriation, for funding programs that reduce emission of
24 particulate matter from heavy-duty engines in the state, unless the
25 California Port Community Air Quality Program is established
26 pursuant to Chapter 9.8 (commencing with Section 44299.80) of
27 Part 5 of Division 26 of the Health and Safety Code, as added by
28 Assembly Bill 2650 of the 2001-02 Regular Session, in which case
29 moneys in the account shall only be available, upon appropriation,
30 for the California Port Community Air Quality Program. If
31 moneys in the account are made available for the California Port
32 Community Air Quality Program, the Air Resources Board may
33 use not more than one-half of 1 percent to administer this
34 subdivision.

35 (2) Fifty million dollars (\$50,000,000) of the proceeds of the
36 bonds issued pursuant to this division shall be deposited in the
37 account.

38 (3) It is the intent of the people to achieve the maximum
39 possible reductions in particulate matter in the ambient air of the
40 state, and that moneys in the account be appropriated to fund

1 programs that reduce emissions of particulate matter from
2 heavy-duty engines in the state, including programs that offset the
3 cost of the use of alternative diesel fuels verified by the State Air
4 Resources Board to reduce emissions of particulate matter from
5 heavy-duty engines in the state.

6 (f) Water related infrastructure projects, as provided for in this
7 subdivision.

8 (1) Eighty million dollars (\$80,000,000) of the proceeds of the
9 bonds issued pursuant to this division shall be allocated to provide
10 grants to build water-related infrastructure in accordance with
11 paragraphs (2) to (4), inclusive.

12 (2) From the proceeds of the bonds issued pursuant to this
13 division:

14 (A) The sum of twenty million dollars (\$20,000,000) shall be
15 deposited in the Safe Drinking Water State Revolving Fund
16 created by Section 116760.30 of the Health and Safety Code.

17 (B) The sum of twenty million dollars (\$20,000,000) shall be
18 deposited in the Water Recycling Subaccount created by Section
19 78621 of the Water Code, to be used for the purposes set forth in
20 Article 3 (commencing with Section 78620) of Division 24 of the
21 Water Code.

22 (3) (A) The Urban Water Conservation Account is hereby
23 created in the fund. The sum of twenty million dollars
24 (\$20,000,000) of the proceeds of the bonds issued pursuant to this
25 division shall be deposited in the account, and shall be used by the
26 Department of Water Resources for grants and loans awarded by
27 the department to local agencies and water utilities for the
28 purposes of funding urban water conservation projects. Grants and
29 loans may be awarded to local water agencies. Loans may be
30 awarded to investor-owned water utilities. Awards for grants and
31 loans shall be made through a competitive process.

32 (B) A project funded through the Urban Water Conservation
33 Account may not receive more than five million dollars
34 (\$5,000,000) in loan or grant proceeds from the Department of
35 Water Resources. Projects eligible for grant and loan funding
36 under this paragraph include any water conservation program or
37 project to implement best management practices under the
38 Memorandum of Understanding on Urban Water Conservation in
39 California, as administered by the California Urban Water
40 Conservation Council, and any other capital or programmatic

1 project that will result in reduced demand or increased efficiency
2 at the consumer level.

3 (4) (A) The sum of twenty million dollars (\$20,000,000) of
4 the proceeds of the bonds issued pursuant to this division shall be
5 deposited in the Contaminant Removal Program Subaccount,
6 which is hereby created in the fund.

7 (B) The State Department of Health Services may expend the
8 money in that subaccount for the purposes of providing grants or
9 loans for pilot projects and demonstration projects for drinking
10 water disinfecting projects using ultraviolet technology and ozone
11 treatment and for treatment and removal of any of the following
12 contaminants:

13 (i) Petroleum products, such as MTBE and BTEX.

14 (ii) N-Nitrosodimethylamine (NDMA).

15 (iii) Perchlorate.

16 (iv) Radionuclides, such as radon, uranium, and radium.

17 (v) Pesticides and herbicides.

18 (vi) Heavy metals, such as arsenic, mercury, and chromium.

19 (vii) Pharmaceuticals and endocrine disrupters.

20 (C) The State Department of Health Services shall award loans
21 and grants from the Contaminant Removal Program Subaccount
22 to local agencies and water utilities for the purposes of funding
23 pilot projects and demonstration projects pursuant to
24 subparagraph (B). Grants and loans may be awarded to local water
25 agencies. Loans may be awarded to investor-owned water utilities.
26 Awards for grants and loans shall be made through a competitive
27 bidding process.

28 CHAPTER 3. FISCAL PROVISIONS

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31 64060. Bonds in the total amount of one billion forty-five
32 million dollars (\$1,045,000,000), exclusive of refunding bonds, or
33 so much thereof as is necessary, may be issued and sold to provide
34 a fund to be used for carrying out the purposes expressed in this
35 division and to be used to reimburse the General Obligation Bond
36 Expense Revolving Fund pursuant to Section 16724.5. The bonds,
37 when sold, shall be and constitute a valid and binding obligation
38 of the State of California, and the full faith and credit of the State
39 of California is hereby pledged for the punctual payment of both

principal of, and interest on, the bonds as the principal and interest become due and payable.

64061. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division.

64062. Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the California Economic Stimulus and Public Infrastructure Security and Investment Finance Committee is hereby created. For purposes of this division, the California Economic Stimulus and Public Infrastructure Security and Investment Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, the Treasurer, the Director of Finance, and the executive director of the bank, or their designated representatives. A majority of the committee may act for the committee.

64063. For purposes of the State General Obligation Bond Law, the state agency that is responsible for administering each program described in Section 64056 is designated the “board” for purposes of the administration of that program.

64064. The committee shall determine whether or not it is necessary or desirable to issue bonds and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

64065. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

64066. Notwithstanding Section 13340, there is hereby continuously appropriated from the General Fund in the State

1 Treasury, for the purposes of this division, an amount that will
2 equal the total of the following:

3 (a) The sum annually necessary to pay the principal of, and
4 interest on, bonds issued and sold pursuant to this part, as the
5 principal and interest become due and payable.

6 (b) The sum that is necessary to carry out the provisions of
7 Chapter 2 (commencing with Section 64055), appropriated
8 without regard to fiscal year.

9 64067. For the purposes of carrying out this division, the
10 Director of Finance may authorize the withdrawal from the
11 General Fund of an amount or amounts not to exceed the amount
12 of the unsold bonds which have been authorized by the committee
13 to be sold for the purpose of carrying out this division. Any
14 amounts withdrawn shall be deposited in the fund. Any money
15 made available under this section shall be returned to the General
16 Fund, plus the interest that the amounts would have earned in the
17 Pooled Money Investment Account, from money received from
18 the sale of bonds for the purpose of carrying out this division.

19 64068. The Department of Finance may request the Pooled
20 Money Investment Board to make a loan from the Pooled Money
21 Investment Account, in accordance with Section 16312, for the
22 purposes of carrying out this division. The amount of the request
23 shall not exceed the amount of the unsold bonds that the committee
24 has, by resolution, authorized to be sold for the purpose of carrying
25 out this division. The board shall execute any documents as are
26 required by the Pooled Money Investment Board to obtain and
27 repay the loan. Any amounts loaned shall be deposited in the fund
28 to be allocated by the department in accordance with this division.

29 64069. Notwithstanding any provision of this division or the
30 State General Obligation Bond Law, if the Treasurer sells bonds
31 pursuant to this division and there is a bond counsel opinion to the
32 effect that the interest on the bonds is excluded from gross income
33 for federal tax purposes, subject to designated conditions, the
34 Treasurer may maintain separate accounts for the investment of
35 bond proceeds and the investment earnings on those proceeds, and
36 the Treasurer may use or direct the use of those proceeds or
37 earnings to pay any rebate, penalty, or other payment required
38 under federal law, or to take any other action with respect to the
39 investment and use of bond proceeds required or desirable under
40 federal law so as to maintain the tax-exempt status of those bonds

1 and to obtain any other advantage under federal law on behalf of
2 the funds of this state.

3 64070. All money deposited in the fund that is derived from
4 premium and accrued interest on bonds sold shall be reserved in
5 the fund and shall be available for transfer to the General Fund as
6 a credit to expenditures for bond interest.

7 64071. The bonds may be refunded in accordance with
8 Article 6 (commencing with Section 16780) of Chapter 4 of Part
9 3 of Division 4 of Title 2, which is a part of the State General
10 Obligation Bond Law. Approval by the voters of the state of the
11 issuance of the bonds includes the approval of the issuance of any
12 bonds issued to refund any bonds originally issued or any
13 previously issued refunding bonds.

14 64072. The Legislature hereby finds and declares that,
15 inasmuch as the proceeds from the sale of bonds authorized by this
16 division are not “proceeds of taxes” as that term is used in Article
17 XIII B of the California Constitution, the disbursement of these
18 proceeds is not subject to the limitations imposed by that article.

19 SEC. 2. Section 1 of this act shall take effect upon the
20 adoption by the voters of the California Economic Stimulus and
21 Public Infrastructure Security and Investment Bond Act, as set
22 forth in Section 1 of this act.

23 SEC. 3. (a) Notwithstanding the requirements of any other
24 provision of law, the Secretary of State shall submit Section 1 of
25 this act to the voters at the next statewide general election.

26 (b) The Secretary of State shall include, in the ballot pamphlets
27 mailed pursuant to Section 9094 of the Elections Code, the
28 information specified in Section 9084 of the Elections Code
29 regarding the bond act contained in Section 1 of this act. If that
30 inclusion is not possible, the Secretary of State shall publish a
31 supplemental ballot pamphlet regarding this act to be mailed with
32 the ballot pamphlet. If the supplemental ballot pamphlet cannot be
33 mailed with the ballot pamphlet, the supplemental ballot pamphlet
34 shall be mailed separately.

